

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Antonio Cardenas represented the 39<sup>th</sup> District of the California State Assembly from 1996 through 2002. Respondent Cardenas was last re-elected to the California State Assembly in the November 7, 2000 statewide general election. Respondent Cardenas was also an unsuccessful candidate for Secretary of State in the March 5, 2002 statewide primary election, and a successful candidate for the 6<sup>th</sup> District seat on the Los Angeles City Council in a local election held on March 4, 2003. Respondent Tony Cardenas 2000 was a controlled committee of Respondent Cardenas. Respondent Maria Sanchez served as the treasurer of Respondent Committee from February 1999 to February 2002. Thereafter, Respondent Kinde Durkee served as the treasurer of Respondent Committee until its termination in February 2004.

The campaign reporting provisions of the Political Reform Act (the “Act”)<sup>1</sup> require candidates and committees to disclose required information regarding expenditures of \$100 or more. In this matter, Respondents failed to disclose such required information for 169 expenditures of \$100 or more, totaling \$87,956, made with a credit card, on campaign statements filed for eleven separate reporting periods.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

- COUNT 1:** Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding 42 expenditures of \$100 or more, totaling \$38,607, on a first pre-election campaign statement for the reporting period July 1, 2000 through September 30, 2000, filed on or about October 5, 2000, in violation of section 84211, subdivision (k).
- COUNT 2:** Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding five expenditures of \$100 or more, totaling \$1,047, on a second pre-election campaign statement for the reporting period October 1, 2000 through October 21, 2000, filed on or about October 26, 2000, in violation of section 84211, subdivision (k).
- COUNT 3:** Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding 21 expenditures of \$100 or more, totaling \$24,225, on a semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000, filed on or about January 31, 2001, in violation of section 84211, subdivision (k).
- COUNT 4:** Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

failed to disclose required information regarding 38 expenditures of \$100 or more, totaling \$9,920, on a first semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001, filed on or about July 31, 2001, in violation of section 84211, subdivision (k).

COUNT 5: Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding 12 expenditures of \$100 or more, totaling \$2,328, on a first odd-year pre-election campaign statement for the quarterly reporting period July 1, 2001 through September 30, 2001 filed on or about October 10, 2001, in violation of section 84211, subdivision (k).

COUNT 6: Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding 10 expenditures of \$100 or more, totaling \$2,184, on a second odd-year pre-election campaign statement for the quarterly reporting period October 1, 2001 through December 31, 2001, filed on or about January 10, 2002, in violation of section 84211, subdivision (k).

COUNT 7: Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding three expenditures of \$100 or more, totaling \$965, on a first pre-election campaign statement for the reporting period January 1, 2002 through January 19, 2002, filed on or about January 24, 2002, in violation of section 84211, subdivision (k).

COUNT 8: Respondents Antonio Cardenas, Tony Cardenas 2000, and Maria Sanchez failed to disclose required information regarding four expenditures of \$100 or more, totaling \$601, on a second pre-election campaign statement for the reporting period January 20, 2002 through February 16, 2002, filed on or about February 21, 2002, in violation of section 84211, subdivision (k).

COUNT 9: Respondents Antonio Cardenas, Tony Cardenas 2000, and Kinde Durkee failed to disclose required information regarding 13 expenditures of \$100 or more, totaling \$3,399, on a post-election semi-annual campaign statement for the reporting period February 22, 2002 through June 30, 2002, filed on or about July 31, 2002, in violation of section 84211, subdivision (k).

COUNT 10: Respondents Antonio Cardenas, Tony Cardenas 2000, and Kinde Durkee failed to disclose required information regarding 13 expenditures of \$100 or more, totaling \$2,782, on a first odd-year pre-election campaign statement for the reporting period July 1, 2002 through September 30, 2002, filed on or about October 10, 2002, in violation of section 84211, subdivision (k).

COUNT 11: Respondents Antonio Cardenas, Tony Cardenas 2000, and Kinde Durkee failed to disclose required information regarding eight expenditures of \$100 or more, totaling \$1,898, on a second odd-year pre-election campaign statement for the reporting period October 1, 2002 through December 31, 2002, filed on or about January 10, 2003, in violation of section 84211, subdivision (k).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (a) defines a “committee” as including any person who receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient committee.” Under section 82016, a recipient committee controlled by a candidate is a “controlled committee.”

Section 84200, subdivision (a) requires a candidate and his or her controlled committee to file semi-annual campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31. In addition, section 84200.5, subdivision (e) requires a candidate and his or her controlled committee to file two pre-election campaign statements before an election in which the candidate appears on the ballot. For elections held in June or November of an even-numbered year, section 84200.7 requires that the first pre-election statement for the reporting period ending 45 days before the election be filed no later than 40 days before the election, and that the second pre-election statement for the reporting period ending 17 days before the election be filed no later than 12 days before the election.

In the case of a candidate who has filed a statement of intention to be a candidate in a statewide direct primary election held in March of an even-numbered year, section 84200.3 requires that the candidate and his or her controlled committee file two odd-year campaign statements. Under section 84200.4, subdivision (a), the first odd-year campaign statement must cover the reporting period ending September 30 of the year prior to the election, and be filed no later than October 10. Under section 84200.4, subdivision (b), the second odd-year campaign statement must cover the reporting period ending December 31 of the year prior to the election, and be filed no later than January 10 of the year of the election.

For expenditures of \$100 or more, section 84211, subdivision (k) requires a candidate and his or her controlled committee to report on their campaign statements the following itemized information about each expenditure: (1) the full name and street address of the payee; (2) the amount of the expenditure; and (3) a brief description of the consideration for which each expenditure was made.

## **Liability of Committee Treasurers**

Under section 81004, subdivision (b), section 84100, and regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5, 91006.)

## **SUMMARY OF THE FACTS**

During eleven separate reporting periods, Respondents failed to disclose required information for 169 expenditures of \$100 or more, totaling \$87,956, that were made using a credit card account.

### **COUNT 1**

#### **Failure to Itemize Credit Card Expenditures on Pre-election Campaign Statement**

In connection with the November 7, 2000 statewide general election, in which Respondent Cardenas appeared on the ballot as an incumbent candidate for the California State Assembly, Respondents Cardenas, Committee, and Sanchez filed a first pre-election campaign statement for the reporting period July 1, 2000 through September 30, 2000, on or about October 5, 2000. On the pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the first pre-election reporting period, Respondents made 42 expenditures or more, totaling \$38,607, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the October 5, 2000 pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	07/10/00	Marc Popcorn Co. Inc.	1,050
2	07/11/00	Fry's Electronics # 11 Burbank	2,100
3	07/11/00	Fry's Electronics # 11 Burbank	316
4	07/11/00	Fry's Electronics # 11 Burbank	800
5	07/14/00	Office Max Granada Hill	127
6	07/19/00	Esquire Bar & Grill, Sacramento	336
7	07/21/00	United Airlines	2,121
8	07/22/00	Todai Restaurant, Studio City	273

9	07/27/00	Washington Hilton, Washington DC	253
10	07/28/00	Paramounts Great America, Santa Clara	220
11	08/01/00	Four Seasons Hotel, Carlsbad	308
12	08/01/00	Four Seasons Hotel, Carlsbad	322
13	08/05/00	Sisley Italian Kitchen, Valencia	103
14	08/08/00	Esquire Bar & Grill, Sacramento	554
15	08/09/00	Brannans Bar & Grill, Sacramento	789
16	08/16/00	Westin Hotels Bonaventure, LA	533
17	08/16/00	Westin Hotels Bonaventure, LA	709
18	08/16/00	Westin Hotels Bonaventure, LA	681
19	08/16/00	Westin Hotels Bonaventure, LA	1,968
20	08/16/00	Westin Hotels Bonaventure, LA	1,260
21	08/24/00	Staples # 738, Sacramento	1,228
22	09/01/00	Il Fornaio # 3032, Sacramento	274
23	09/02/00	Thread Logo.com	2,000
24	09/09/00	Good Guys	421
25	09/11/00	Hilton Hotels, Burbank	321
26	09/11/00	Hilton Hotels, Burbank	321
27	09/11/00	Hilton Hotels, Burbank	153
28	09/11/00	Hilton Hotels, Burbank	153
29	09/11/00	Hilton Hotels, Burbank	153
30	09/11/00	Hilton Hotels, Burbank	153
31	09/11/00	Hilton Hotels, Burbank	161
32	09/11/00	Hilton Hotels, Burbank	153
33	09/11/00	Hilton Hotels, Burbank	153
34	09/11/00	Hilton Hotels, Burbank	153
35	09/11/00	Office Depot # 892, Sylmar	686
36	09/13/00	Cascades Golf Club, Sylmar	5,912
37	09/14/00	American Airlines	164
38	09/17/00	Sport Chalet, Valencia	1,320
39	09/19/00	Threadlogo.com	3,237
40	09/19/00	Cascades Golf Club, Sylmar	105
41	09/19/00	Cascades Golf Club, Sylmar	6,359
42	09/20/00	American Airlines	204
<b>Total</b>			<b>\$38,607</b>

By failing to disclose required information for 42 expenditures of \$100 or more totaling \$38,607 on a first pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

## COUNT 2

### **Failure to Itemize Credit Card Expenditures on Pre-election Campaign Statement**

In connection with the November 7, 2000 statewide general election, in which Respondent Cardenas appeared on the ballot as an incumbent candidate for the California State Assembly, Respondents Cardenas, Committee, and Sanchez filed a second pre-election campaign statement for the reporting period October 1, 2000 through October 21, 2000, on or about October 26, 2000. On the pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the second pre-election reporting period, Respondents made five expenditures of \$100 or more, totaling \$1,047, using a credit card. Respondents paid for the expenditures by writing a check to the credit card company from the campaign bank account of Respondent Committee. On the October 26, 2000 pre-election campaign statement, Respondents only disclosed the payment made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	10/10/00	Esquire Bar & Grill, Sacramento	155
2	10/14/00	Avis Rent-a-Car, Burbank	155
3	10/17/00	Brannan's Bar & Grill, Sacramento	463
4	10/19/00	PacBell Wireless, Pleasanton	165
5	10/20/00	Odyssey # 017, Granada Hills	109
<b>Total</b>			<b>\$1,047</b>

By failing to disclose required information for five expenditures of \$100 or more totaling \$1,047 on a second pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

### COUNT 3

#### **Failure to Itemize Credit Card Expenditures on Semi-annual Campaign Statement**

After the November 7, 2000 statewide general election, Respondents Cardenas, Committee, and Sanchez filed a post-election semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000, on or about January 31, 2000. On the semi-annual campaign statement for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the post-election, semi-annual reporting period, Respondents made 21 expenditures of \$100 or more, totaling \$24,225, using a credit card. Respondents paid for the

expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the January 31, 2001 semi-annual campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the semi-annual campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	10/23/00	Diamond Head Golf Mfg. Co.	5,525
2	10/27/00	Radisson Hotels	241
3	11/02/00	Camacho's Cantina Universal City	664
4	11/02/00	LA Arena Company	510
5	11/06/00	The Bistro Garden, Studio City	120
6	11/06/00	Levy Restaurant, Staples Suite, LA	1,197
7	11/07/00	Pacific Bell Telephone	168
8	11/12/00	Sam's, San Fernando	111
9	11/14/00	Odyssey # 017, Granada Hills	144
10	11/28/00	Cascades Golf Club, Sylmar	160
11	11/28/00	Valley Pacifico Computers, Encino	3,091
12	11/28/00	United Airlines	5,240
13	11/29/00	Firefighter Publications	2,068
14	12/02/00	The Home Depot, Van Nuys	221
15	12/18/00	Thread Logo.com	1,920
16	12/21/00	Brannan's Bar & Grill, Sacramento	586
17	12/22/00	Thread Logo.com	485
18	12/23/00	Sam's, San Fernando	296
19	12/23/00	Odyssey # 017, Granada Hills	205
20	12/27/00	Nextel Wireless Services	1,041
21	12/30/00	Sam's, San Fernando	232
<b>Total</b>			<b>\$24,225</b>

By failing to disclose required information for 21 expenditures of \$100 or more totaling \$24,225 on a post-election semi-annual campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

#### COUNT 4

#### **Failure to Itemize Credit Card Expenditures on Semi-annual Campaign Statement**

Respondents Cardenas, Committee, and Sanchez filed a first semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001, on or about July 31, 2001. On the semi-annual campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name

and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the semi-annual reporting period, Respondents made 38 expenditures of \$100 or more, totaling \$9,920, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the July 31, 2001 semi-annual campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the semi-annual campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	01/06/01	PacBell Mobile, Pleasanton	622
2	01/07/01	PacBell Wireless, Pleasanton	850
3	01/08/01	Esquire Bar & Grill, Sacramento	451
4	01/10/01	Esquire Bar & Grill, Sacramento	150
5	01/18/02	Smart & Final, Sacramento	149
6	01/22/01	Esquire Bar & Grill, Sacramento	122
7	02/12/00	Engine Co No. 28, LA	194
8	02/20/01	Odyssey # 017, Granada Hills	228
9	02/27/01	Moxie, Sacramento	157
10	03/01/01	Staples # 738, Sacramento	193
11	03/08/01	Southwest Airlines	197
12	03/12/01	Esquire Bar & Grill, Sacramento	104
13	03/14/01	Esquire Bar & Grill, Sacramento	192
14	03/19/01	Staples # 738, Sacramento	117
15	03/21/01	Twenty Eight, Sacramento	180
16	03/23/01	California Democratic Party	265
17	03/26/01	Staples # 738, Sacramento	376
18	04/03/01	Adoll Bodega Espanola, Sacramento	132
19	04/16/01	Thread Logo.com	613
20	04/16/01	Doubletree Hotels, Santa Barbara	853
21	04/16/01	Moxie, Sacramento	207
22	04/18/01	Smart & Final, Sacramento	159
23	04/20/01	North Valley Storage, Sylmar	206
24	04/21/01	PacBell Wireless, Pleasanton	298
25	04/24/00	Fresh Cut Florist	218
26	04/24/01	Esquire Bar & Grill, Sacramento	107
27	05/02/01	Rusty Duck	228
28	05/04/01	Palazzio State Street, Santa Barbara	128
29	05/14/01	Smart & Final, Sacramento	313



30	05/14/01	Esquire Bar & Grill, Sacramento	116
31	05/18/01	The Jelly Belly Store, Fairfield	110
32	06/01/01	Office Playground	114
33	06/04/01	Office Playground	507
34	06/13/01	Southwest Airlines	101
35	06/13/01	Linens N Things # 519, Elk Grove	142
36	06/18/01	North Valley Storage, Sylmar	206
37	06/23/01	Chevy's Riverfront, Sacramento	193
38	06/26/01	Thorton & Sons Jewelers, Dixon	422
<b>Total</b>			<b>\$9,920</b>

By failing to disclose required information for 38 expenditures of \$100 or more totaling \$9,920 on a first semi-annual campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

#### COUNT 5

#### **Failure to Itemize Credit Card Expenditures on Odd-year Campaign Statement**

In connection with the March 5, 2002 statewide general election, in which Respondent Cardenas appeared on the ballot as a candidate for Secretary of State, Respondents Cardenas, Committee, and Sanchez filed a first odd-year pre-election campaign statement for the quarterly reporting period July 1, 2001 through September 30, 2001, on or about October 10, 2001. On the odd-year pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the first odd-year pre-election reporting period, Respondents made 12 expenditures or more, totaling \$2,328, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the October 10, 2001 odd-year pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the odd-year pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	07/09/01	Cingular Wireless	152
2	07/23/01	Southwest Airlines	201
3	08/04/01	Home Depot	139
4	08/08/01	North Valley Storage, Sylmar	412
5	08/10/01	Williams-Sonoma	112
6	08/31/01	Southwest Airlines	202

7	08/31/01	Southwest Airlines	202
8	08/31/01	Southwest Airlines	167
9	08/31/01	Southwest Airlines	167
10	08/31/01	Southwest Airlines	202
11	09/04/01	Esquire Bar & Grill, Sacramento	197
12	09/04/01	Sheraton Grand Hotel, Sacramento	175
<b>Total</b>			<b>\$2,328</b>

By failing to disclose required information for 12 expenditures of \$100 or more totaling \$2,328 on a first odd-year pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

#### COUNT 6

#### **Failure to Itemize Credit Card Expenditures on Odd-year Campaign Statement**

In connection with the March 5, 2002 statewide general election, in which Respondent Cardenas appeared on the ballot as a candidate for Secretary of State, Respondents Cardenas, Committee, and Sanchez filed a second odd-year pre-election campaign statement for the quarterly reporting period October 1, 2001 through December 31, 2001, on or about January 10, 2002. On the odd-year pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the second odd-year pre-election reporting period, Respondents made 10 expenditures of \$100 or more, totaling \$2,184, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the January 10, 2002 odd-year pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the odd-year pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	10/11/01	North Valley Storage, Sylmar	412
2	11/10/01	North Valley Storage, Sylmar	206
3	11/23/01	Staples # 70, North Hollywood	117
4	12/07/01	Fry's Electronics, Burbank	324
5	12/17/01	North Valley Storage, Sylmar	206
6	12/19/01	Avis Rent-a-Car, Burbank	249
7	12/19/01	Spa Hotel, Palm Springs	222
8	12/26/01	The Bistro Garden, Studio City	154

9	12/31/01	Prime Steakhouse, Palm Springs	116
10	12/31/01	Harry & David Outlet, Cabazon	178
<b>Total</b>			<b>\$2,184</b>

By failing to disclose required information for 10 expenditures of \$100 or more totaling \$2,184 on a second odd-year pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

#### COUNT 7

#### **Failure to Itemize Credit Card Expenditures on Pre-election Campaign Statement**

In connection with the March 5, 2002 statewide general election, in which Respondent Cardenas appeared on the ballot as a candidate for Secretary of State, Respondents Cardenas, Committee, and Sanchez filed a first pre-election campaign statement for the reporting period January 1, 2002 and January 19, 2002, on or about January 24, 2002. On the pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the first pre-election reporting period, Respondents made three expenditures of \$100 or more, totaling \$965, using a credit card. Respondents paid for the expenditures by writing a check to the credit card company from the campaign bank account of Respondent Committee. On the January 24, 2002 pre-election campaign statement, Respondents only disclosed the payment made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	01/14/02	Morton's of Chicago	325
2	01/15/02	Office Max, Sacramento	434
3	01/17/02	North Valley Storage, Sylmar	206
<b>Total</b>			<b>\$965</b>

By failing to disclose required information for three expenditures of \$100 or more totaling \$965 on a first pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

## COUNT 8

### **Failure to Itemize Credit Card Expenditures on Pre-election Campaign Statement**

In connection with the March 5, 2002 statewide general election, in which Respondent Cardenas appeared on the ballot as a candidate for Secretary of State, Respondents Cardenas, Committee, and Sanchez filed a second pre-election campaign statement for the reporting period January 20, 2002 and February 16, 2002, on or about February 21, 2002. On the pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the second pre-election reporting period, Respondents made four expenditures of \$100 or more, totaling \$601, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the February 21, 2002 pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	01/20/02	The Bistro Garden, Studio City	274
2	01/28/02	Moxie, Sacramento	118
3	02/06/02	Southwest Airlines	104
4	02/06/02	Southwest Airlines	105
<b>Total</b>			<b>\$601</b>

By failing to disclose required information for four expenditures of \$100 or more totaling \$601 on a second pre-election campaign statement, Respondents Cardenas, Committee, and Sanchez violated section 84211, subdivision (k).

## COUNT 9

### **Failure to Itemize Credit Card Expenditures on Semi-annual Campaign Statement**

After the March 5, 2002 statewide general election, in which Respondent Cardenas appeared on the ballot as a candidate for Secretary of State, Respondents Cardenas, Committee, and Durkee filed a post-election semi-annual campaign statement for the reporting period February 17, 2002 through June 30, 2002, on or about July 31, 2002. On the semi-annual campaign statement for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the post-election, semi-annual reporting period, Respondents made 13 expenditures of \$100 or more, totaling \$3,399, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the July 31, 2002 semi-annual campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the semi-annual campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	03/12/02	Southwest Airlines	209
2	03/12/02	Southwest Airlines	209
3	03/13/02	Ciudad, LA	109
4	03/19/02	Sheraton Grand Hotel, Sacramento	252
5	03/23/02	Todai Restaurants, Studio City	313
6	03/29/02	Dnps at Tanaya, Inc., Fish Camp	392
7	04/01/02	Southwest Airlines	209
8	04/09/02	Cingular Wireless	735
9	04/16/02	Moxie, Sacramento	154
10	04/20/02	Office Max, Van Nuys	117
11	06/10/02	Southwest Airlines	204
12	06/18/02	Moxie, Sacramento	216
13	06/19/02	Vallejo's, Sacramento	280
<b>Total</b>			<b>\$3,399</b>

By failing to disclose required information for 13 expenditures of \$100 or more totaling \$3,399 on a post-election semi-annual campaign statement, Respondents Cardenas, Committee, and Durkee violated section 84211, subdivision (k).

#### COUNT 10

##### **Failure to Itemize Credit Card Expenditures on Odd-year Campaign Statement**

In connection with the March 4, 2003 City of Los Angeles election, in which Respondent Cardenas appeared on the ballot as a candidate for the Los Angeles City Council, Respondents Cardenas, Committee, and Durkee filed a first odd-year pre-election campaign statement for the reporting period July 1, 2002 through September 30, 2002, on or about October 10, 2002. On the odd-year pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the first odd-year pre-election reporting period, Respondents made 13

expenditures, totaling \$2,782, using a credit card. Respondents paid for the expenditures by writing checks to the credit card company from the campaign bank account of Respondent Committee. On the October 10, 2002 odd-year pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the odd-year pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	07/02/02	Maces	165
2	07/08/02	Southwest Airlines	209
3	07/16/02	Southwest Airlines	209
4	07/18/02	Political Contribution	236
5	07/22/02	Vallejo's, Sacramento	385
6	07/24/02	Morton's of Chicago, Sacramento	201
7	07/27/02	Clarion Hotel, Monterey	181
8	07/29/02	Southwest Airlines	208
9	08/13/02	Southwest Airlines	208
10	08/25/02	Esquire Bar & Grill, Sacramento	114
11	08/28/02	Texas Mexican Food, Sacramento	350
12	09/04/02	Office Depot	108
13	09/10/02	Southwest Airlines	208
<b>Total</b>			<b>\$2,782</b>

By failing to disclose required information for 13 expenditures of \$100 or more totaling \$2,782 on a first odd-year pre-election campaign statement, Respondents Cardenas, Committee, and Durkee violated section 84211, subdivision (k).

#### COUNT 11

#### **Failure to Itemize Credit Card Expenditures on Odd-year Campaign Statement**

In connection with the March 4, 2003 City of Los Angeles election, in which Respondent Cardenas appeared on the ballot as a candidate for the Los Angeles City Council, Respondents Cardenas, Committee, and Durkee filed a second odd-year pre-election campaign statement for the reporting period October 1, 2002 through December 31, 2002, on or about January 10, 2003.

On the odd-year pre-election campaign statement, for each expenditure of \$100 or more made during the period covered by the statement, Respondents were required to disclose the full name and street address of the payee; the amount of the expenditure; and a brief description of the consideration for which each expenditure was made.

During the second odd-year pre-election reporting period, Respondents made eight expenditures, totaling \$1,898, using a credit card. Respondents paid for the expenditures by

writing checks to the credit card company from the campaign bank account of Respondent Committee. On the January 10, 2003 odd-year pre-election campaign statement, Respondents only disclosed the payments made to the credit card company, and failed to provide required information for each of the expenditures as required by section 84211, subdivision (k). The following table sets forth information regarding the expenditures that were not properly disclosed on the odd-year pre-election campaign statement, including: the total number of expenditures made; the date of each expenditure; the person to whom each expenditure was made; and the amount of each expenditure:

	<b>Date</b>	<b>Payee</b>	<b>Amount</b>
1	10/21/02	Thrifty Car Rental, Windsor Locks	120
2	10/23/02	Sheraton Hotel, Windsor Locks	180
3	11/01/02	Illuminations, Roseville	136
4	11/15/02	Fuji Restaurant, Arieta	132
5	11/15/02	Yankee Candle Retail	551
6	11/15/02	Southwest Airlines	193
7	11/17/02	Sheraton Hotels, LA	429
8	11/27/02	Mrs. Beasley	157
<b>Total</b>			<b>\$1,898</b>

By failing to disclose required information for eight expenditures of \$100 or more totaling \$1,898 on a second odd-year pre-election campaign statement, Respondents Cardenas, Committee, and Durkee violated section 84211, subdivision (k).

## **CONCLUSION**

This matter consists of 11 counts, which carry a maximum possible administrative penalty of \$2,000 per violation for Counts 1 and 2, and \$5,000 per violation for Counts 3 through 11, for a total administrative penalty of \$49,000. The typical penalty for failing to itemize expenditures has historically ranged from \$1,500 to \$2,000 per violation for violations occurring prior to January 1, 2001, depending upon the circumstances of the case.

In this matter, the failure of Respondents to disclose required information regarding credit card expenditures of \$100 or more operated to conceal from the public how Respondents managed the campaign funds of Respondent Committee, and whether the funds were being used for a lawful purpose. In further aggravation, Respondents' conduct was part of a pattern of non-compliance, as the violations occurred during eleven separate reporting periods. Finally, the amount of the expenditures not properly reported is quite significant. In mitigation, Respondents ultimately disclosed some of the expenditures, albeit untimely, on subsequent campaign statements prior to being contacted by the Enforcement Division. Under these circumstances, imposition of a penalty at the upper end of the settlement range in the amount of \$1,750 for Counts 1 and 2, and an aggravated penalty of \$3,500 for Counts 3 through 11 is appropriate.

Accordingly, the facts of this case justify imposition of an administrative penalty of \$24,500 upon Respondents Cardenas, Committee, and Sanchez for Counts 1 through 8, and

\$10,500 upon Respondents Cardenas, Committee, and Durkee for Counts 9 through 11, for a total administrative penalty of \$35,000.